



The Energy and Technology Committee

Public Hearing, February 26, 2019

Office of Consumer Counsel

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Testimony of Elin Swanson Katz

Governor's Bill No. 875

An Act Expanding Connecticut's Offshore Wind Energy Portfolio

Raised Bill No. 7156

An Act Concerning the Procurement of Energy Derived from Offshore Wind

The Office of Consumer Counsel (OCC) has reviewed Governor's Bill No. 875 and Raised Bill No. 7156, each of which seeks that Connecticut solicit proposals from offshore wind facilities. OCC generally supports the concepts in both bills as written because, among other things, they both include ratepayer protections and because they both reference the Comprehensive Energy Strategy. We do caution that if both bills end up passing, that would be a very large potential offshore wind purchase, but OCC would expect that the provisions in each bill to ensure that a contract is in the best interest in ratepayers would provide sufficient protections. We would expect both need and cost to be a central consideration for any procurement.

Offshore wind has become an increasingly viable technology for developing carbon-free renewable energy in the New England region. Connecticut DEEP, in consultation with and supported by OCC, has already procured 300 Megawatts (MW) of offshore wind as part of the Revolution Wind Project being developed by Ørsted.

The Governor's Bill calls for a procurement to be conducted by the Commissioner of the Department of Energy and Environmental Protection (DEEP), in consultation with the procurement manager of the Public Utilities Regulatory Authority

(PURA) and OCC, and potentially in coordination with other states in New England. The amount of offshore wind to be procured is listed as “up to fifteen percent of the load distributed by the state’s electric distribution companies,” which, in OCC’s understanding, totals approximately 1,000 megawatts of offshore wind capacity. The Committee Bill calls for a similar procurement but at about double the potential purchase size, or up to 2,000 MW.

Both bills call for selected projects to be “in the interest of ratepayers” or “in the best interest of ratepayers,” including with regard to the prices bid. This is obviously an important protection that is appreciated by OCC. Both bills also require consideration of whether a bid is consistent with DEEP’s most recent Comprehensive Energy Strategy, and in addition the Governor’s Bill refers to the procurement being informed by the “Integrated Resources Plan,” which is well into the development stage. OCC generally maintains that these documents should be relied upon heavily as we map out our energy future, since they involve significant stakeholder processes and are developed using the significant expertise of experienced government officials and consultants. Thus, OCC agrees with the references to these documents in the bills.

OCC notes that the most recent Forward Capacity Auction conducted by ISO-New England for the 2022-2023 power year cleared at a very low price. This is welcome news for customer bills as of approximately three years from now, but is also an indication that the need for additional power resources is relatively low at the moment. However, Connecticut also has significant renewable and carbon goals, so a procurement by DEEP for more offshore wind facilities (with participation by OCC) would involve some nuanced calculations as to the benefits and costs of new offshore wind. That said, Connecticut has chosen to procure 300 MW of offshore wind recently based in part on the anticipated net benefits to ratepayers, so it is possible that a new procurement may reveal that an additional purchase is warranted, depending on the bid price.